

**STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES DIVISION  
BEFORE THE IOWA UTILITIES BOARD**

**IN RE:**

**BLACK HILLS/IOWA GAS UTILITY  
COMPANY, LLC d/b/a BLACK HILLS  
ENERGY**

**DOCKET NO. EEP-2013-0001**

**REPLY TO ORDER REQUESTING NET-TO-GROSS RESEARCH PLAN**

Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy (hereinafter “BHE”), pursuant to the Iowa Utilities Board (Board) “Order Requesting Net-To-Gross Research Plan” issued on April 8, 2016 (hereinafter “Order”), hereby responds to the Order that requested the NTG Oversight Committee draft a plan for Net-To- Gross (hereinafter “NTG”) research that will be coordinated with work done on the Technical Reference Manual and the joint Assessment of Potential.

On September 1, 2016, the Office of Consumer Advocate (hereinafter “OCA”) filed a joint response “Net-to-Gross Plan” on behalf of Interstate Power and Light (hereinafter “IPL”), MidAmerican Energy Company (hereinafter “MEC”) and BHE, which detailed the plan for the Net-to-Gross (NTG) research. OCA’s September 1, 2016 filing also indicated the Investor Owned Utilities would file individual responses and costs on or before December 1, 2016. A “Net-to-Gross Plan Status Report” was subsequently filed by the OCA on October 25, 2016, which included a work plan for the assessment of potential study to be conducted by Dunskey Energy Consulting.

BHE provides the following responses to the information requested in the Order:

- a. The type of research by program or measure and appropriate process for implementing the action including whether net values will be reported for programs in which market-based adjustments are made;**

As identified in the work plan filed with the Board on October 25, 2016, the following research will be completed:

Primary NTG research for BHE will be conducted in the following programs:

- Residential Prescriptive Program
- Non-residential Prescriptive Program
- Non-residential Custom Program

Secondary research will be conducted in the following programs:

- Residential Evaluation Program
- Residential New Construction Program
- Non-residential New Construction Program

A deemed value of 1.0 will be used for the following programs:

- Low Income Weatherization/Weatherization Team
- Low Income Affordable Housing
- Low Income Energy Education
- Low Income Multifamily Efficiency Improvements
- Green Iowa Americorps (GIAC)
- Non-residential Evaluation Program

As NTG research is completed, the Oversight Committee will determine, consistent with the recommendations in the 2015 NTG report, whether to apply a NTG value or a market adjustment for measures and programs. This process can also be used to determine whether to report net values for programs where market-based adjustments are made. It is anticipated that the NTG values will be incorporated into and reported as part of the TRM annual update process.

- b. The manner in which utilities will coordinate Evaluation, Measurement, and Verification (EMV) processes to develop and implement consistent net-to-gross ratios;**

BHE plans, during the course of its remaining EMV activities, to conduct independent primary research in the following programs:

- Residential Prescriptive Program
- Non-residential Prescriptive Program
- Non-residential Custom Program
- Residential Evaluation Program
- Residential New Construction Program
- Non-residential New Construction Program

**c. A schedule for periodic review of net-to-gross values;**

The NTG Oversight Committee will also determine a schedule for periodic review of net-to-gross ratios as NTG research is completed. Navigant, in their 2015 NTG report, recommended that primary NTG research should be conducted a minimum of once every five years.

**d. A timeline for implementation of net-to-gross recommendations;**

The assessment of potential (AOP) will be completed by the end of summer 2017, at which time the NTG research will also be complete. This will give BHE sufficient time to incorporate the NTG values or market based adjustments into the next Energy Efficiency Plans, beginning with plan year 2019.

**e. Cost estimates for the research conducted by program or measure and how that cost will be allocated to each utility**

The executed contract with Dunskey indicates the total cost of the joint NTG research is \$230,105. BHE is responsible for 3.33% of this cost, or \$7,662.50. This amount was calculated by the Iowa Utility Association (IUA) and is derived using the customer count of each IOU.

There will be no additional cost for the independent primary research as the EMV contractor was already gathering the information required for primary research.

- f. **Consistent reporting guidelines, specifically addressing whether net values will be reported for certain programs or if market-based and program adjustments will fulfill the need for more robust NTG research.**

As NTG research is completed, the Oversight Committee will determine, consistent with the recommendations in the 2015 NTG report, whether to apply a NTG value or a market adjustment for measures and programs.

Respectfully Submitted,

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